

**NJ SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 30, 2017
(WITH SUMMARIZED TOTALS FOR 2016)**

AND

INDEPENDENT AUDITORS' REPORT

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

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FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Synod Assembly of the
New Jersey Synod of the Evangelical Lutheran Church in America

We have audited the accompanying financial statements of New Jersey Synod of the Evangelical Lutheran Church in America (the "Synod") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Synod's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Synod's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the 2017 financial statements referred to above present fairly, in all material respects, the financial position of the Synod as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Synod's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 24, 2018

NEW JERSEY SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

(with summarized financial information for December 31, 2016)

	December 31, 2017			Total	2016
	Unrestricted	Temporarily Restricted	Permanently Restricted		Summarized Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,231,292	\$ 434,933	\$ -	\$ 1,666,225	\$ 2,540,620
Certificates of deposit	359,819	-	-	359,819	359,819
Investments	240,428	-	-	240,428	89,545
Grant receivable	79,894	-	-	79,894	77,348
Accounts receivable	51,920	-	-	51,920	2,144
Loans receivable, current	35,128	-	-	35,128	41,921
Mortgages receivable, current	92,036	-	-	92,036	88,001
Prepaid expenses	29,471	-	-	29,471	29,239
Total current assets	2,119,988	434,933	-	2,554,921	3,228,637
Noncurrent assets					
Restricted cash	107,229	-	-	107,229	107,140
Certificates of deposit	-	750,843	31,105	781,948	933,114
Investments	2,551,612	1,645,803	445,462	4,642,877	3,721,721
Loans receivable, net of current portion	375,480	-	-	375,480	400,088
Mortgages receivable, net of current portion	55,568	-	-	55,568	36,000
Synod house property and equipment, net	459,294	-	-	459,294	513,854
Land and property held by the Synod	2,129,150	-	-	2,129,150	2,122,576
Equity in Cross Roads Outdoor Ministries	1,789,052	-	-	1,789,052	1,840,138
Other assets	11,672	-	-	11,672	17,864
Total noncurrent assets	7,479,057	2,396,646	476,567	10,352,270	9,692,495
Total assets	\$ 9,599,045	\$ 2,831,579	\$ 476,567	\$ 12,907,191	\$ 12,921,132
LIABILITIES AND NET ASSETS					
Current liabilities					
Accrued expenses and other liabilities	\$ 875	\$ -	\$ -	\$ 875	\$ 4,373
Grants payable	54,391	-	-	54,391	79,725
Total current liabilities	55,266	-	-	55,266	84,098
Noncurrent liabilities					
Environmental remediation obligation	422,029	-	-	422,029	780,000
Total liabilities	477,295	-	-	477,295	864,098
Commitments and contingencies					
Net assets					
Unrestricted					
Cross Roads Outdoor Ministries	1,789,052	-	-	1,789,052	1,840,138
Board designated	4,682,797	-	-	4,682,797	4,314,220
Net investment in property, plant and equipment	2,649,901	-	-	2,649,901	2,636,430
Total unrestricted	9,121,750	-	-	9,121,750	8,790,788
Temporarily restricted	-	2,831,579	-	2,831,579	2,789,679
Permanently restricted	-	-	476,567	476,567	476,567
Total net assets	9,121,750	2,831,579	476,567	12,429,896	12,057,034
Total liabilities and net assets	\$ 9,599,045	\$ 2,831,579	\$ 476,567	\$ 12,907,191	\$ 12,921,132

See notes to financial statements.

NEW JERSEY SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

(with summarized financial information for the year ended December 31, 2016)

	Unrestricted			Temporarily Restricted	Permanently Restricted	2017 Total	2016 Summarized Total
	Operations	Designated And Other Funds	Total				
Revenues, gains and other support							
Support from congregations	1,919,265	-	1,919,265	-	-	1,919,265	2,000,704
Other contributions and gifts	221,801	1,172,848	1,394,649	78,455	-	1,473,104	2,584,996
Grant revenue	-	153,955	153,955	-	-	153,955	136,982
Rental income	-	42,000	42,000	-	-	42,000	43,200
Investment income, net	10,929	65,875	76,804	21,176	-	97,980	129,121
Realized gains on investments	-	81,502	81,502	27,750	-	109,252	144,640
Gain on sale of property	-	-	-	-	-	-	585,059
Assembly income	44,064	-	44,064	-	-	44,064	53,875
Temporarily restricted net assets released from restriction	-	199,420	199,420	(199,420)	-	-	-
Total revenues, gains and other support	2,196,059	1,715,600	3,911,659	(72,039)	-	3,839,620	5,678,577
Expenses							
Program services - Synod							
Churchwide and Ministry Partners	1,107,306	-	1,107,306	-	-	1,107,306	1,152,352
Strengthening Congregations	357,112	-	357,112	-	-	357,112	377,190
Outreach Supporting Congregations	124,993	-	124,993	-	-	124,993	88,014
Office of the Bishop	301,064	-	301,064	-	-	301,064	308,135
Program services - Partners in Ministry							
Designated Support	-	1,609,846	1,609,846	-	-	1,609,846	1,712,387
Mission Ministries	-	218,983	218,983	-	-	218,983	1,973,694
Total program services	1,890,475	1,828,829	3,719,304	-	-	3,719,304	5,611,772
Supporting services							
Oversight of the Mission Plan	314,366	-	314,366	-	-	314,366	306,226
Depreciation	-	61,116	61,116	-	-	61,116	56,756
Total supporting services	314,366	61,116	375,482	-	-	375,482	362,982
Total expenses before other gains (losses)	2,204,841	1,889,945	4,094,786	-	-	4,094,786	5,974,754
Other gains (losses)							
Unrealized gains (losses) on investments	-	324,687	324,687	113,939	-	438,626	(21,392)
Equity share of losses - Cross Roads Outdoor Ministries	-	(32,076)	(32,076)	-	-	(32,076)	(13,488)
Environmental remediation recoveries (costs)	-	311,156	311,156	-	-	311,156	(780,000)
Loss on disposal of asset	-	(12,481)	(12,481)	-	-	(12,481)	-
Impairment of land and property held by the Synod	-	(77,197)	(77,197)	-	-	(77,197)	-
Total other gains (losses)	-	514,089	514,089	113,939	-	628,028	(814,880)
Changes in net assets before transfer of funds	(8,782)	339,744	330,962	41,900	-	372,862	(1,111,057)
Transfer of funds	8,782	(8,782)	-	-	-	-	-
Changes in net assets	-	330,962	330,962	41,900	-	372,862	(1,111,057)
Net assets, beginning of year	-	8,790,788	8,790,788	2,789,679	476,567	12,057,034	13,168,091
Net assets, end of year	-	9,121,750	9,121,750	2,831,579	476,567	12,429,896	12,057,034

See notes to financial statements.

NEW JERSEY SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ 372,862	\$(1,111,057)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation		
Synod house property and equipment	42,079	37,719
Cross Roads Outdoor Ministries - Camp property improvements	19,037	19,037
Gain on sale of property	-	(585,059)
Realized gains on investments	(109,252)	(144,640)
Unrealized (gains) losses on investments	(438,626)	21,392
Equity share of losses - Cross Roads Outdoor Ministries	32,076	13,488
Environmental remediation (recoveries) costs	(311,156)	780,000
Loss on disposal of asset	12,481	-
Impairment of land and property held by the Synod	77,197	-
Changes in assets and liabilities		
Grant receivable	(2,546)	(75,611)
Accounts receivable	(49,776)	7,080
Prepaid expenses	(232)	(16,457)
Other assets	6,192	-
Accrued expenses and other liabilities	(3,499)	702
Grants payable	(25,334)	25,817
Environmental remediation obligation	(46,815)	-
Net cash used in operating activities	(425,312)	(1,027,589)
Cash flows from investing activities		
Purchases of property and equipment	-	(68,599)
Proceeds from sale of property held by the Synod	-	922,423
Land and property held by the Synod - cost incurred for holding and improvement of property	(83,800)	-
Redemption of certificates of deposit	156,350	-
Reinvestment of earnings on certificates of deposit	(5,184)	(7,413)
Sale of investments	2,866,261	2,117,379
Purchase of investments	(3,390,422)	(1,867,058)
Loans issued to congregations	(30,271)	(115,000)
Collections of loans receivable	61,675	41,176
Issuance of mortgage	(23,603)	(1,086)
Collections of mortgages receivable	-	673,853
Net cash provided by (used in) investing activities	(448,994)	1,695,675
Net increase (decrease) in cash, cash equivalents and restricted cash	(874,306)	668,086
Cash, cash equivalents and restricted cash, beginning of year	2,647,760	1,979,674
Cash, cash equivalents and restricted cash, end of year	\$ 1,773,454	\$ 2,647,760
Supplemental cash flow disclosures		
Non-cash investing activity		
Write-off of fully/partially depreciated assets	\$ 16,104	\$ 15,889
Schedule of cash, cash equivalents and restricted cash		
Cash and cash equivalents, unrestricted	\$ 1,666,225	\$ 2,540,620
Restricted cash	107,229	107,140
	<u>\$ 1,773,454</u>	<u>\$ 2,647,760</u>

See notes to financial statements.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

1 - NATURE OF ORGANIZATION

Organization

The New Jersey Synod of the Evangelical Lutheran Church in America, (the "Synod"), is one of sixty-five geographical synodical units of the Evangelical Lutheran Church in America (the "ELCA"). The Synod lies within Region 7 of the ELCA and is comprised of 167 congregations. The Synod relies primarily on annual mission support gifts from these congregations. The Synod Assembly, whose voting members include ministers and lay representatives from New Jersey congregations, is the Synod's highest legislative authority. The Synod Assembly elects the Synod Council, Bishop, Vice-President, Secretary, and voting members to the ELCA Church-wide Assembly. The Treasurer is elected by the Synod Council.

The Synod Council appoints Mission Teams and recommends program goals and budgets, and carries out the resolutions of the Synod Assembly. It issues letters of call to Ministers of Word and Sacrament and to Ministers of Word and Service. The programs and supporting services of the Synod are included in the statement of activities.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Synod have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues and support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Synod is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets consist of assets, revenues and support, which are not subject to donor imposed stipulations, and therefore are expendable for operating purposes. Unrestricted net assets include both designated and undesignated funds.
- Temporarily restricted net assets include funds with donor-imposed stipulations, which permit the Synod to expend the assets as specified, and are satisfied either by the passage of time or by actions of the Synod Council.
- Permanently restricted net assets include funds with donor-imposed stipulations requiring that funds be maintained permanently by the Synod. Generally, donors of these assets require the Synod to maintain and invest the original contributions, but permit the use of investment earnings for general or donor-specified purposes.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenues and Support

Contributions and other support received are recorded as unrestricted, temporarily restricted or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recognized as contributions when the donor makes a promise to give to the Synod. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The Synod has not received any unconditional promises to give.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the periods received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the periods received.

Endowment contributions and investments are reported based on donor restrictions. When investment earnings become available for distribution, they are reclassified, as applicable, to either temporarily or unrestricted net assets. If the temporarily restricted net asset is utilized for its donor restricted purpose, it is reported in the statement of activities as net assets released from restrictions.

Grant revenue is recognized at the time grant related expenditures are incurred.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period during which the income gains are recognized.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues, support and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Synod considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents also include unrestricted money market accounts. Excluded from this definition of cash equivalents are investments in funds that have been designated as permanently restricted.

Concentrations of Credit Risk

The Synod maintains an operating cash balance which may exceed federal and other insurance limits. Historically, the Synod has not experienced any credit-related losses. The risk is managed by maintaining the majority of its deposits in high-quality financial institutions.

The Synod maintains investment balances that may exceed federally or other insured limits, although historically the Synod has not experienced any credit-related losses. The investments are primarily financial instruments which are monetary in nature. Accordingly, interest rates have a more significant impact on performance than do the effects of general levels of inflation. Interest rates generally do not move in the same direction or with the same magnitude as prices of goods and services as measured by the consumer price index. The investments are subject to risk conditions of the investments' objectives, stock market performance, interest rates, economic conditions and world affairs.

The Synod's investments include fixed income investments which are not insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Historically, the Synod has not experienced any credit-related losses.

Certificates of Deposit

Certificates of deposit are carried at cost, which is equal to their fair value. Certificates of deposit consisting of unrestricted funds are classified as a current asset in the accompanying statement of financial position. Certificates of deposit consisting of temporarily and permanently restricted funds are classified as a noncurrent asset in the accompanying statement of financial position. As of December 31, 2017, certificates of deposit interest rates range from 0.7% to 2.4% and maturity dates range from March 9, 2018 through March 31, 2026. As of December 31, 2016, certificates of deposit interest rates ranged from 0.7% to 2.2% and maturity dates ranged from January 27, 2017 through March 31, 2026.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments, including investments held for long-term purposes (donor-restricted), consist of a pooled income portfolio, which is stated at fair value based on quoted prices on a recognized securities exchange and which holds investments that are classified as both Level 1 and 2 investments, as explained below and further detailed in Note 4.

GAAP defines fair value, provides guidance for measuring fair value, and requires certain disclosures, based on a fair value hierarchy. This fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs supported by little or no market activity and that require significant management judgment or estimation.

All interest, dividends, and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

In 2017 and 2016, expenses relating to investment income, including custodial fees and investment advisory fees, amounted to \$46,722 and \$38,891, respectively. These fees are netted against investment income in the accompanying Statement of Activities and Changes in Net Assets for each respective year.

Loans and Mortgages Receivable

Loans and mortgages receivable represent funds advanced to congregations and affiliates within the Synod and are stated at unpaid principal balances, less an allowance for loan losses, as deemed necessary by management. Loans receivable are unsecured. Mortgages receivable are collateralized by a first mortgage on church property. A title policy is required showing the Synod as the valid first lien on all mortgaged properties.

Interest rates are set forth by terms established in the loan/mortgage agreements and currently range from 0.0% to 5.0%, per annum. Interest on loans/mortgages is recognized over the term of the loans and is calculated using the interest method on principal amounts outstanding.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Mortgages Receivable (Continued)

Past due status is determined based on contractual terms. The Synod's practice is to charge off any loan/mortgage or portion of a loan/mortgage when the debt is determined by management to be uncollectible due to the church's failure to meet repayment terms, the church's deteriorating or deteriorated financial condition, or for other reasons. An allowance for loan losses is recorded based on a combination of historical experience and information on specific accounts. Management has determined that no allowance is required as of December 31, 2017 and 2016.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Synod capitalizes all asset purchases with an individual acquisition cost over \$5,000. Depreciation is computed using the straight-line method over the useful lives of the assets, generally three years for vehicles, twenty years for office furniture and equipment and forty years for buildings and improvements. Donations of assets are recorded at fair market value upon receipt. Maintenance, repairs and minor renewals are expensed as incurred.

Land and Property Held by the Synod

Land and property held by the Synod is property that has been transferred from a congregation generally due to a disbanded congregation or a congregation experiencing financial difficulties. Properties are initially recorded at costs incurred to takeover property, which is generally the costs related to paying off the debt held on the property and costs to maintain the property. Properties are evaluated for impairment on an annual basis or as facts and circumstances arise. The Synod capitalizes costs incurred in connection with holding and improving the property and expects reimbursement of such costs when the property is either transferred back to another congregation or is sold.

Impairment of Long-Lived Assets

The Synod reviews the carrying values of its long-lived assets whenever events or changes in circumstances indicate that the carrying values may no longer be appropriate. Recoverability of carrying values is assessed by estimating future net cash flows from the assets. Based on management's evaluations, an impairment charge was recorded of \$77,197 as of December 31, 2017 related to land and property held by the Synod. No impairment charge was deemed necessary at December 31, 2016. Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact management's assumptions as to property value, costs or other factors that may result in changes in the Synod's estimates of future cash flows. Although management believes the assumptions used in testing for impairment are reasonable, changes in any one of the assumptions could produce a significantly different result.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Unconsolidated Affiliate

The Synod accounts for its investment in Cross Roads Outdoor Ministries under the equity method of accounting, which is appropriate in accordance with accounting guidance related to joint venture accounting. Under the equity method, the investment is initially recorded at cost and is subsequently adjusted for the Synod's share of earnings or losses of the affiliate.

Income Taxes

The Synod is a religious organization and is exempt from federal income taxes as a result of its affiliation with ELCA, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Synod's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Adoption of an Accounting Policy

In 2017, the Synod elected to early adopt FASB ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"). ASU 2016-18 requires that restricted cash and cash equivalents be included in the total cash and cash equivalents at the beginning and end of the period for which changes are shown in the statement of cash flows. ASU 2016-18 clarifies that transfers between cash and cash equivalents and restricted cash and cash equivalents are not part of an entity's operating, investing and financing activities and should not be reported as cash flow activities in the statement of cash flows.

Subsequent Events

These financial statements were approved by management and available for issuance on April 24, 2018. Management has evaluated subsequent events through this date.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

3 - PROGRAM AND SUPPORTING SERVICES

The Synod financial statements reflect the following program and supporting services:

Program Services - Synod

Churchwide and Ministry Partners support our partners in ministry in New Jersey, our region and the churchwide organization. Fifty percent of congregational mission support gifts are remitted to the ELCA churchwide organization to support relief efforts and mission work around the world.

Strengthening Congregations supports the Synod's work toward strengthening congregations within the New Jersey Synod, including funding for: Synod staff addressing congregational needs; Youth programs and program staff; the Discipleship and Witness Mission Team; the Justice and Peace Mission Team; stewardship resources; and other programs, events and grants.

Outreach Supporting Congregations supports mission development within New Jersey, enables new expressions of ministry in the Synod, assists the start-up of new churches and helps revitalize existing ministries.

Office of the Bishop provides guidance and assistance to Synod congregations and coordinates statewide church and legal processes, including: Congregational vacancy and call processes; Seminarian discernment and candidacy processes; coordination across the Synod; collaboration and ecumenical dialogue with other church organizations; Synod gatherings such as the Synod Assembly; the Synod Deans, who coordinate our mission districts and support our pastors; and strategic planning.

Program Services – Partners in Ministry

Designated and Other Support includes grants and loans given to congregations, groups and individuals from restricted gifts and funds. Examples include the ELCA World Hunger programs; ELCA Mission programs; Fund for Mission grants; Wurffel education grants; loans for congregational transformation; EMU and LEAM program funds; and the International Servant Trip to Bosnia. This category also includes registrations and expenses for Youth Ministry programs such as RESET, Among the Wolves, Differently Abled, and Confirmation Camp.

Mission Ministries includes support for the missions and developing congregations within the New Jersey Synod. Examples include Bridge of Peace Community Church in Camden; Christus Lutheran in Camden; Morning Star in Ridgefield; Santa Isabel in Elizabeth; Elect Saints in Ewing; and St. Bartholomew Lutheran in Trenton.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

3 - PROGRAM AND SUPPORTING SERVICES (Continued)

Supporting Services

Oversight of the Mission Plan includes those functions necessary to support the administrative, financial and legal aspects of running a church organization including: managing our resources and properties; communicating across the Synod; fulfilling ELCA, legal and regulatory requirements; and planning for our future.

4 - INVESTMENTS

The table below sets forth a summary of both the current and noncurrent investments held by the Synod as of December 31, 2017 and 2016, and the changes in the fair value of those investments through December 31, 2017 and 2016:

2017				2016		
Investments - Current	Cost	Fair Value	Unrealized Depreciation	Cost	Fair Value	Unrealized Depreciation
Corporate bonds	247,000	240,428	(6,572)	90,000	89,545	(455)

2017				2016		
Investments – Non-Current	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 3,550,608	\$ 4,228,006	\$ 677,398	\$ 2,902,308	\$ 3,145,308	\$ 243,000
Fixed income securities	446,332	414,871	(31,461)	620,510	576,413	(44,097)
	\$ 3,996,940	\$ 4,642,877	\$ 645,937	\$ 3,522,818	\$ 3,721,721	\$ 198,903

The table below presents the balances of assets measured at fair value, on a recurring basis, by level, within the fair value hierarchy as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets - Level 1	Significant Other Observable Inputs - Level 2	Total
Pooled income portfolio			
Corporate bonds	\$ -	\$ 240,428	\$ 240,428
Equities	4,228,006	-	4,228,006
Fixed income securities	-	414,871	414,871
Totals	\$ 4,228,006	\$ 655,299	\$ 4,883,305

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

4 - INVESTMENTS (Continued)

The table below presents the balances of assets measured at fair value, on a recurring basis, by level, within the fair value hierarchy as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets - Level 1	Significant Other Observable Inputs - Level 2	Total
Pooled income portfolio			
Corporate bonds	\$ -	\$ 89,545	\$ 89,545
Equities	3,145,308	-	3,145,308
Fixed income securities	-	576,413	576,413
Totals	\$ 3,145,308	\$ 665,958	\$ 3,811,266

5 - LOANS RECEIVABLE

The Synod holds the following loans receivable at:

	December 31, 2017	December 31, 2016
Cross Roads Camp and Retreat Center, Port Murray, NJ Principal of \$292,536 at 4.5% interest, due November 8, 2029	\$ 246,036	\$ 261,441
Transformational Ministry Loans		
Various principal amounts at 1.0% interest, with various final maturity dates through March 15, 2026	164,572	180,568
	410,608	442,009
Less - Current portion	35,128	41,921
Long-term portion	\$ 375,480	\$ 400,088

Total maturities of loans receivable for the years ending December 31, are as follows:

2018	\$ 35,128
2019	35,935
2020	34,855
2021	32,114
2022	31,365
Thereafter	241,211
Total	\$ 410,608

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

6 - MORTGAGES RECEIVABLE

The Synod holds the following mortgage receivables at:

	December 31, 2017	December 31, 2016
Dunamis Life Church, Camden, NJ \$36,000 at 5.0% interest, due February 12, 2025 (1)	\$ 36,000	\$ 36,000
Trinity Lutheran Church, Jersey City, NJ Originally \$50,000 at 1.0% interest, due June 22, 2021, converted to a long-term lien in July 2017 (2)	19,568	-
Holy Trinity Baptist Church of New Jersey, Inc., Trenton, NJ \$92,036 at 3.0% interest, due November 30, 2018 (3)	92,036	88,001
	147,604	124,001
Less - Current portion	92,036	88,001
Long-term portion	\$ 55,568	\$ 36,000

(1) The mortgage receivable was amended in August 2014. Under the amended agreement, the principal of the mortgage was reduced to \$36,000, and the maturity date was extended to February 12, 2025. Under the terms of the agreement, payments are interest only until the maturity date.

(2) In July 2017, the remaining balance of the Trinity Lutheran transformational ministry loan of \$19,568 was converted into a long-term lien on the property of Trinity Lutheran Church. In the event that the property is sold at a future date, the balance shall be paid to the New Jersey Synod, ELCA from the proceeds of the property sale.

(3) The mortgage receivable was amended in November 2017. Under the amended agreement, the maturity date was extended to November of 2018. The interest rate is 0.0% if the loan is paid off prior to the extended maturity date. If paid on or after the extended maturity date, the interest rate will be 3.0%.

Total maturities of mortgages receivable for the years ending December 31, are as follows:

2018	\$ 92,036
2019	-
2020	-
2021	-
2022	-
Thereafter	55,568
Total	\$147,604

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

7 - SYNOD HOUSE PROPERTY AND EQUIPMENT

The Synod House property and equipment consists of the following:

	December 31,	
	2017	2016
Land	\$ 51,502	\$ 51,502
Building and improvements	551,792	567,896
Office furniture and equipment	53,870	53,870
Vehicles	76,123	76,123
	733,287	749,391
Less - Accumulated depreciation	273,993	235,537
	\$ 459,294	\$ 513,854

8 - LAND AND PROPERTY HELD BY THE SYNOD AND SUBSEQUENT EVENTS

Property held by the Synod at December 31, 2017 and 2016, consists of the following:

	2017	2016
Property held by Synod:		
Cross of Life Lutheran Church, Plainfield, NJ (1)	\$ 149,536	\$ 95,362
St. John the Baptist, Hoboken, NJ (2)	574,746	567,085
Elizabeth Lutheran Center ("ELC") Church, Elizabeth, NJ (3)	572,908	569,726
ELC Parsonage, Elizabeth, NJ (4)	127,379	126,969
ELC Parish Hall, Elizabeth, NJ (5)	127,818	123,883
Bridge of Peace, Camden, NJ (6)	191,763	181,520
Land, Jackson, NJ (7)	385,000	421,687
Townsend's Inlet, Sea Isle, NJ (8)	-	36,344
Ascension Lutheran Church, Haddon Heights, NJ (9)	-	-
	\$ 2,129,150	\$ 2,122,576

(1) The Synod currently has an agreement in place to transfer the property to the congregation once the Synod has been reimbursed for all capital expenditures. The current year increase in the balance represents additional costs of \$4,174 incurred and capitalized in connection with holding the property, plus an additional \$50,000 in capitalized expenses related to a roof replacement.

(2) The Synod is currently leasing this property to the Hoboken Shelter (a housing mission agency). The current year increase in the balance represents additional costs of \$7,661 incurred and capitalized in connection with holding and improving the property.

(3) The ELC Church is used by Santa Isabel mission congregation. The current year increase in the balance represents additional costs of \$3,182 incurred and capitalized in connection with holding the property.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

8 - LAND AND PROPERTY HELD BY THE SYNOD AND SUBSEQUENT EVENTS (Continued)

(4) The ELC Parsonage is used by the pastor of the Santa Isabel congregation. The current year increase in the balance represents additional costs of \$410 incurred and capitalized in connection with holding the property.

(5) The ELC Parish Hall is used by Santa Isabel congregation for community fellowship and community support groups. The current year increase in the balance represents additional costs of \$3,935 incurred and capitalized in connection with holding and improving the property.

(6) Bridge of Peace congregation transitioned from a mission ministry to an organized congregation in May 2007. The Synod continues to own the property and assist the congregation. The current year increase in the balance represents additional costs of \$10,242 incurred and capitalized in connection with holding and improving the property.

(7) Land was purchased in 2007 for development of a New Jersey Synod Mission Congregation. The current year balance includes additional costs of \$4,166 incurred and capitalized in connection with holding and improving the property. In January 2018, a sales contract was executed for \$385,000 relative to the sale of land. The contract contains a June 20, 2018 closing date. As such, the value of the property was written down by \$40,853, as of December 31, 2017, to equal the net realizable value of the property.

(8) The Synod became the Trustee to the Townsend's Inlet property in 2014. A congregation uses the property for summer worship. This property, valued at \$36,344, was written off in the current year as it is required to be indefinitely held in trust, therefore legally never able to be sold.

(9) In March 2018, the NJ Synod took over the Ascension Lutheran Church in Haddon Heights, New Jersey and recorded the property as land and property held by the NJ Synod. Subsequently, the Synod entered into a contract to sell the property for \$489,000 with an anticipated closing date of May 2018. This property is expected to be sold for a gain. All proceeds, less amounts owed back to the Synod for any related holding and improvement costs, will be remitted back to the Ascension Lutheran Church congregation.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

9 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available to support activities for the following:

	December 31,	
	2017	2016
Partners in Ministry - Designated Support:		
Danish Children's Home	\$ 926	\$ 308
Franklin Fry Chair	39,830	34,480
Brueckner Outdoor Ministries	491,993	438,577
Cross Roads Reserve	1,818	1,717
Compensation Aid	443,767	468,633
Stewardship	4,729	6,317
Brauninger Travel	22,272	22,272
Namibia Special	19,163	19,187
Global Mission Team	5,822	6,677
Candidacy Endowment	262,797	255,119
Hurricane Sandy Relief	5,598	9,597
Total Partners in Ministry - Designated Support	1,298,715	1,262,884
Partners in Ministry - Mission Ministries:		
Transitional Ministries (Fund for Mission)		
North Plainfield Music	74,298	68,911
St. Luke Legacy	352,641	325,996
Handicap Access - Redeemer	26,501	23,329
Fund for Mission, Advent Legacy	556,790	555,751
Fund for Mission Legacy	277,740	277,740
St. Mark Legacy	224,971	249,971
Hudson/Christ Ridgefield	19,923	25,097
Total Partners in Ministry - Mission Ministries	1,532,864	1,526,795
Total temporarily restricted net assets	\$ 2,831,579	\$ 2,789,679

Permanently restricted net assets are endowment funds restricted in perpetuity for the following:

	December 31,	
	2017	2016
Danish Children's Home	\$ 31,105	\$ 31,105
Transitional Ministries (Fund for Mission)	445,462	445,462
Total permanently restricted net assets	\$ 476,567	\$ 476,567

Investment income generated by the Danish Children's Home and Transitional Ministries (Fund for Mission) is temporarily restricted, and may be used only for donor-specified purposes.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

10 - RETIREMENT PLAN

Substantially all full-time employees of the Synod are enrolled in an employee savings provision plan (403(b) retirement plan) made available and administered by the Portico of the ELCA. The Synod contributes 12% based upon the plan agreement. The full current employer cost provided for under the plan was approximately \$81,000 and \$88,000 for the years ended December 31, 2017 and 2016, respectively.

11 - EQUITY IN CROSS ROADS OUTDOOR MINISTRIES

Camp Beisler was acquired by the Lutheran Church in 1953. In 1988, a merger of separate Lutheran denominations took place, forming the ELCA. At that time, Camp Beisler became part of the Synod.

In April 1999, the Synod and the Diocese of Newark of the Protestant Episcopal Church in the United States of America (the "Diocese") filed a Certificate of Incorporation with the State of New Jersey to establish a non-profit corporation known as the Lutheran/Episcopal Camp and Conference Center, Inc. (the "Camp and Conference Center"), for the purpose of operating the newly established camp, formerly known as Camp Beisler.

In 2000, the Synod entered into a joint venture agreement (the "agreement") with the Diocese whereby the Synod conveyed a 50% interest to the Diocese in the land improvements at Camp Beisler. The Synod received \$730,000 for this interest and recorded a gain of \$367,827, net of the cost basis. In connection with this agreement, the Synod executed a fifty-year ground lease for \$1 each year with the Camp and Conference Center. Also, the Synod and Diocese lease the land improvements to the Camp and Conference Center for \$1 a year for fifty years, concurrent with the ground lease.

The agreement further provides that in the event that the Synod causes the Camp and Conference Center to be dissolved or the ground lease is terminated by the Synod, the Synod will repurchase the Diocese's 50% interest in the land improvements for the greater of fair market value or \$730,000. In the event that the Diocese causes the Camp and Conference Center to be dissolved or withdraws from the Camp and Conference Center, the Synod will repurchase the Diocese's 50% interest in the land improvements for the lower of fair market value or \$730,000. During 2014, the Synod amended its agreement with the Camp and Conference Center, and made a \$250,000 equity contribution to the Camp and Conference Center, which reduced the balance of a fund that had been designated in the event the Camp and Conference Center is dissolved by either party.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

11 - EQUITY IN CROSS ROADS OUTDOOR MINISTRIES (Continued)

The Synod accounts for its investment in the Camp and Conference Center on the equity method of accounting which is appropriate in accordance with accounting guidance related to joint venture accounting. At December 31, 2017 and 2016, the Synod's equity in Cross Roads Outdoor Ministries is comprised of the following:

	2017	2016
Camp property improvements, net of accumulated depreciation	\$ 433,130	\$ 452,166
Camp reserve	250,000	250,000
Camp land	1,030,400	1,030,374
Camp land improvements	19,538	19,538
	1,733,068	1,752,078
Cumulative equity, share of earnings, beginning of year	88,060	101,548
Equity share of losses (see table below)	(32,076)	(13,488)
Cumulative equity, share of earnings, end of year	\$ 1,789,052	\$ 1,840,138

Summary financial information related to the Synod's equity interest in Cross Roads Outdoor Ministries for the years ended December 31, 2017 and 2016, is presented as follows:

	2017	2016
Total support and revenues	\$ 948,101	\$ 982,208
Total expenses	1,012,253	1,009,183
Change in net assets	(64,152)	(26,975)
Synod's percentage interest	x 50%	x 50%
Synod's share of losses in Cross Roads Outdoor Ministries	\$ (32,076)	\$ (13,488)

12 - ENDOWMENT POLICY

Endowment Description and Interpretation of Relevant Law

The Synod endowment consists of funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Synod Council and the Synod Investment Committee have interpreted the Uniform Prudent Management of Institutional Funds Act to require standard care that is reasonable and prudent over its endowed funds. The Synod currently classifies permanently restricted net assets at the original value of gifts donated to the permanent endowment. The remaining portion of the endowment funds is classified as temporarily restricted net assets if donor-restricted in purpose, or unrestricted net assets if no specific purpose has been designated.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

12 - ENDOWMENT POLICY (Continued)

Endowment Spending Policy

The Synod Council has an approved Investment Policy with spending guidelines. The purpose of this Investment Policy is to establish a prudent and consistent approach to the distribution of endowment earnings that reflects an appropriate balance between the present and future needs. The policy is designed to provide a reasonable degree of stability and predictability in the amount of endowment earnings available for grants, scholarship and the other restricted purposes established by donors, as well as in the amount available for support of the Synod Spending Plan. The Synod Council has approved expenditures based on resolutions for Wurffel scholarships and grants, Fund for Mission grants and approval of the Spending Plan.

The Synod Council approves expenditures in the four to six percent range based on the previous three years' average investment balance. The Synod Council, periodically, as circumstances dictate, considers modifications to the Synod Investment Policy. All disbursements are expended according to donor restrictions and are classified as net assets released from restrictions in the accompanying Statement of Activities and Changes in Net Assets.

Endowment Investment Policies

The Synod Council and the Synod Investment Committee have adopted investment policies that seek long-term capital growth, current income and growth of income, consistent with prudent, conservative and risk-averse investments for its endowment. The endowment investments may be invested in any combination of common stocks, securities convertible to common stock, preferred stocks, fixed income securities, mutual funds, managed funds and certificates of deposit, as long as the ratio of equities to fixed income does not exceed 70% equities. Ten percent of all investments are to be invested with organizations that follow a socially oriented investment policy. All investments are to comply with the ELCA's social responsibility guideline.

To satisfy its long-term objectives, the Synod relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Synod targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The target rate of return on investments ranges from four to six percent.

Under the provisions of the Uniform Prudent Management of Institutional Funds Act and GAAP, losses in the market value of donor-restricted endowment funds are required to be offset by reductions in temporarily restricted net assets or unrestricted net assets, or both. The permanently restricted net assets of such endowment funds should always equal their historic dollar value. An endowment fund that has become "underwater" will therefore result in decreases in temporarily restricted or unrestricted net assets, despite the absence of any legal obligation to restore the endowment fund for such losses. Unrestricted net assets that have been reduced because of this requirement will be restored from future gains for that reduction. No endowments were "underwater" as of December 31, 2017 and 2016.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

12 - ENDOWMENT POLICY (Continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,962,281	\$ 1,391,056	\$ 476,567	\$ 4,829,904
Reclassification of funds *	564,734	246,435	-	811,169
Investment return, net	482,477	162,865	-	645,342
Contributions	98,110	11,088	-	109,198
Endowment disbursements	(228,722)	(146,323)	-	(375,045)
Endowment net assets, end of year	\$ 3,878,880	\$ 1,665,121	\$ 476,567	\$ 6,020,568

* In June 2017, the Synod Council approved the transfer and reclassification of certain funds held in the operating accounts to be held in investment accounts as part of the endowment funds.

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,812,349	\$ 1,411,264	\$ 476,567	\$ 4,700,180
Investment return, net	189,600	62,181	-	251,781
Contributions	153,077	3,513	-	156,590
Endowment disbursements	(192,745)	(85,902)	-	(278,647)
Endowment net assets, end of year	\$ 2,962,281	\$ 1,391,056	\$ 476,567	\$ 4,829,904

13 - CONTINGENT LIABILITIES

To assist non-related ELCA congregations with the purchase of properties, the Synod at times enters into tenant-in-common agreements. Under the terms of the agreements, the Synod agrees to jointly guarantee a mortgage held by a purchasing congregation and funds a debt service reserve account with the financial institution lender. The deed for the mortgaged property is held in escrow, and the Synod retains a 51% interest in the property as a tenant-in-common and a 49% interest is granted to the congregation. Under the terms of the agreements, the Synod is released of all liability for the mortgage loan if the congregation meets certain financial benchmarks as defined by the financial institution. If the congregation defaults on the loan payments, the Synod becomes liable and the deed for the property would be released to the Synod. As of December 31, 2017 and 2016, there were no defaults under these arrangements.

As of December 31, 2017 and 2016, the Synod was party to four and three, respectively, tenant-in-common agreements. At December 31, 2017 and 2016, total funds in reserve related to tenant-in-common agreements were \$107,229 and \$107,140, respectively, and are reflected as restricted cash on the Statement of Financial Position.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

13 - CONTINGENT LIABILITIES (Continued)

Management believes its performance obligation on these guarantees will be immaterial, and, as such has not recorded any liability related to the guarantees. The Synod's payment/performance risk of the guarantee is managed by the following: (1) currently none of the loan arrangements are in default; (2) if default would occur the external lender would utilize those funds held in reserve first prior to seeking funds from the Synod; (3) the fair value of each property exceeds mortgage balance outstanding as of December 31, 2017; (4) the Synod has adequate cash flow reserves to cover any defaults.

The future minimum payments due under the mortgage loans, guaranteed by the Synod, for the years ending December 31, are as follows:

	Keys to Life Ministries	Holy Trinity Baptist Church	Muuango Seventh Day	Macedonia Baptist Church	Total
2018	\$21,992	\$14,808	\$31,444	\$22,234	\$90,478
2019	23,192	15,615	33,053	23,313	95,173
2020	24,457	16,467	34,744	24,445	100,113
2021	25,791	17,365	36,521	25,484	105,161
2022	27,198	18,312	38,390	26,417	110,317
Thereafter	361,024	275,356	568,875	523,302	1,728,557
Total	\$483,654	\$357,923	\$743,027	\$645,195	\$2,229,799

14 - ENVIRONMENTAL REMEDIATION OBLIGATION

During 2016, the Synod was informed by the New Jersey Department of Environmental Protection ("NJ DEP") that there are safety issues involving the stability of an earthen dam located on the Cross Roads Camp property. As disclosed in Note 11, a portion of the Synod's equity in Cross Roads Outdoors Ministries ("Cross Roads") represents the cost of land and land improvements. The Synod is the owner of the land and land improvements and therefore is responsible for the remediation. The NJ DEP required the Synod to develop and submit a plan of action. The Synod hired an engineering consultant to design alternatives and estimate remediation costs. The consultant presented three options ranging from \$780,000 to \$3.08 million in estimated cost.

At December 31, 2016, the Synod accrued \$780,000, which was the best estimate of the obligation regarding this property and which was presented under the caption Environmental Remediation Obligation in the accompanying Statement of Financial Position.

NJ SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

14 - ENVIRONMENTAL REMEDIATION OBLIGATION (Continued)

In October 2017, the Synod contracted Trout Scapes River Restoration LLC for \$46,815 to remove the fish from the lake behind the dam, lower the water level and seed the exposed lake bed. This first step in remediating the safety issues removed the dam from the NJ DEP high priority list and the threat of state action. The same vendor performed preparation work needed to prepare the final remediation plan. In January 2018, the Synod received an updated estimate of \$422,029 to complete the remediation work through removal of the dam and restoration of the stream bed. It is expected that this work will be performed in March 2019.

Since the final contracted plan and related costs, totaling \$468,844, was less than the original estimate of \$780,000, in 2017 the Synod recognized \$311,156 of other income under the caption Environmental Remediation Recoveries in the accompanying Statement of Activities and Changes in Net Assets.